

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN CALIFORNIA GAS COMPANY for authority to update its gas revenue requirement and base rates (U 904 G	Application 02-12-027 Filed December 20, 2002
Application of SAN DIEGO GAS & ELECTRIC COMPANY for authority to update its gas and electric revenue requirement and base rates (U 902-M)	Application 02-12-028 Filed December 20, 2002
Investigation on the Commission's Own Motion into the Rates, Operations, Practices, Service and Facilities of Southern California Gas Company and San Diego Gas & Electric Company.	Investigation 03-03-016 March 13, 2003

**ASSIGNED COMMISSIONER'S RULING ESTABLISHING SCOPE,
SCHEDULE, AND PROCEDURES FOR PROCEEDING**

1. Summary

Pursuant to Article 2.5 of the Rules of Practice and Procedure (Rules), and following the second prehearing conference (PHC-2) held on March 14, 2003, this ruling addresses the scope, schedule, and related matters in Southern California Gas Company's (SoCalGas) test year 2004 Cost of service case (COS) and San Diego Gas & Electric Company's (SDG&E) test year 2004 COS.

2. Notice of Third Prehearing Conference, Evidentiary Hearings, and Public Participation Hearings

NOTICE IS HEREBY GIVEN that a third PHC is set for October 7, 2003, at 10:00 a.m., in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California.

NOTICE IS HEREBY GIVEN that an evidentiary hearing is set for October 14, 2003, at 9:00 a.m., in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California.

NOTICE IS HEREBY GIVEN that a separate Ruling will set public participation hearings.

3. Scope and Phasing of Proceeding

By definition, the scope of a COS proceeding is necessarily broad. My intention in these COS cases is to reflect the interests of ratepayers by identifying the proper corporate structure for SoCalGas and SDG&E to serve their gas and electric load. Unless otherwise stated, any matters raised by the applications or which may be reasonably inferred from the proposals therein are within the scope of the proceeding. The Commission's order instituting the companion investigation (I) makes clear that the Commission will seek proposals other than SoCalGas and SDG&E's, and that the proceeding will "determine whether the companies are properly organized, managed and controlled so as to provide safe, reliable and cost effective gas and/or gas and electric retail service to their customers." (I. 03-03-016, mimeo pg. 3.)

Consistent with my preferred approach to broaden the scope of this proceeding, parties' testimony should include the traditional review of current utility spending and other issue areas related to investment planning, safety and reliability, customer service, and all aspects of utility operations. I am especially interested in parties' views on what type of industry and regulatory

environments SoCalGas and SDG&E should be operating under in the next ten years, and mechanisms the Commission should consider to ensure utility accountability.

3.1. Investment Planning

My objective is to determine how SDG&E is, and how it should be, positioning itself to resume provision of fully integrated electric utility service. Testimony should make recommendations for overall Commission policy on the utility's role in providing retail service over the next ten years. I invite testimony that examines SDG&E's organizational structure, internal resources, and decision-making processes for planning and investment activities. Parties should also submit proposals on how the Commission should structure and oversee SoCalGas and SDG&E's investment planning process.

To assist parties with proposal development, I direct SoCalGas and SDG&E to file supplemental testimony by June 16, 2003, to address the following questions and issues:

- Do SoCalGas and SDG&E have departments or groups that approve and coordinate utility planning and investment decisions? How do these department make decisions about integrated utility planning and capital management (e.g. how do SoCalGas and SDG&E assign funding and priority?) Is there a medium-to-long term plan that guides investment choices?
- Do SoCalGas and SDG&E have adequate organizations to plan for and meet future natural gas and electric resource procurement and distribution needs? Describe the staff qualifications and resources necessary for them to meet the procurement requirement.
- What assumptions is SDG&E making about building new electric generation?

- How are specific projects evaluated? What is the process for project approval? What are the criteria to select the sequence of projects?

SDG&E did not present an electric resource plan in its application. But the immediate focus of the existing Procurement Order Instituting Rulemaking (OIR) R.01-10-024, effective October 25, 2001, is to adopt a near-term procurement plan and cost recovery mechanism.¹ Focusing only on near-term procurement through contracts, as defined in the scope of the OIR, contributes to the fragmentation of the various utility functions: distribution, transmission, and generation. The utilities were also directed to begin work on resource plans which focus on identifying new system resource additions for reliability or cost-savings. It is not my intention to duplicate in this proceeding the litigation currently underway in R.01-10-024. However, the proper forum to address integrated resource planning is not in the Procurement OIR, which is focused on short-term procurement functions through contracts, but here in the COS where the utilities can take into account the configuration of the grid, and demand side issues, as well as retained and planned generation in a comprehensive manner.

¹ The OIR “will establish ratemaking mechanisms to enable the three major investor-owned electric utilities, Southern California Edison Company (Edison), San Diego Gas and Electric Company (SDG&E) and Pacific Gas and Electric Company (PG&E), to resume purchasing electric energy, capacity, ancillary services and related hedging instruments to fulfill their obligation to serve and meet the needs of their customers. The need for this rulemaking has arisen because of the demise of the Power Exchange and because, since January 2001, Edison and PG&E have been unable to secure financing that would enable them to purchase the energy and related services needed to fill their customers’ needs.” (Mimeo, Pg 1.) The OIR is a continuing proceeding.

3.2. Safety and Reliability

We also need an examination of SoCalGas and SDG&E's safety, reliability, and maintenance standards and performance. ORA, TURN, and unions can be expected to address similar issues. I anticipate parties will offer comparisons of the companies' reliability standards with those of other utilities. Parties should propose an appropriate level of maintenance expenditures, including recommendations for parts of the two natural gas systems, and SDG&E's electric system, where maintenance concerns should be targeted.

3.3. Customer Service

I invite proposals that evaluate and suggest improvements to SoCalGas and SDG&E's customer service programs. Testimony should evaluate current PBR customer satisfaction standards, compare SoCalGas and SDG&E's standards to those of other utilities, and make recommendations on new standards and performance measures. Parties should assess the effectiveness of SoCalGas and SDG&E's billing system, website, and call center to meet customer needs, including web-based contacts and responses, 800 telephone numbers, call management systems, and voice mail.

I am particularly interested in proposals regarding the need for localized customer service, such as neighborhood customer service centers and outreach efforts to local communities. Proposals should include recommendations regarding the maintenance and improvement of current outreach programs.

3.4. Utility Operations

In these COS proceedings, I would like to develop a consistent overall policy for how SoCalGas and SDG&E undertake their operations. In considering this policy, I ask the parties to examine the decision-making processes the utilities use to determine how to provide safe and reliable service to customers at

a reasonable cost. Parties should provide testimony on how these 2004 test year applications fit in within the utilities' established decision-making process.

I also ask parties to conduct a review of SoCalGas and SDG&E's land-use and land management practices, especially with respect to environmental impacts, use of utility lands for unregulated activities by SoCalGas and SDG&E, their affiliates, or third parties, and incidental benefits to ratepayers and the community at large. To facilitate this review, I direct SoCalGas and SDG&E to file supplemental testimony to describe how they set priorities for land management, and if they place different priorities on different types of land (such as land related to electric or gas transmission assets versus other utility assets.) Testimony should include an inventory of all lands in rate base, and how these lands are used to maximize public benefit. As described in Section 3.1, supplemental testimony is due June 16, 2003.

3.5. Diversity, Outreach, Contributions, and Minority Contracting

Greenlining Institute and Latino Issues Forum (Greenlining/LIF), according to their PHC-1 Statement of February 3, 2003, propose to examine a number of areas including executive compensation, diversity, philanthropy, and minority contracting. Rulemaking (R) 03-02-035 will examine the Commission's General Order 156: *Rules Governing the Development of Programs to increase Participation of Women, Minority and Disabled Veteran Business Enterprises in Procurement of Contracts from Utilities as required by Public Utilities Code Sections 8281-8286* (G.O. 156)². All matters within the scope³ of R. 03-03-035 are excluded

² General Order 156, §1.1.1: Purpose. These rules implement PU Code Sections 8281-8286 which require the Commission to establish a procedure for gas, electric, and telephone utilities with gross annual revenues exceeding \$25,000,000 and their Commission-regulated subsidiaries and affiliates to submit annual detailed and verifiable plans for increasing women, minority and disabled veteran business enterprises' (WMDVBE) procurement in all categories. Adopted on April 27, 1998,

Footnote continued on next page

from the scope of these consolidated proceedings. Any other WMDVBE issues beyond the scope of R. 03-02-035 may be pursued to the extent they are relevant to the 2004 test year revenue requirement.

Greenlining/LIF has also petitioned the Commission⁴ to order a rulemaking to amend the existing General Order 77 K: *In the matter of the Filing with the Public Utilities Commission of Data on Compensation, Dues, Donations, Subscriptions Contributions and Legal Fees* (G.O. 77K)⁵. At this time there is no separate proceeding, so parties may address G.O. 77K related issues to the extent they are relevant to the 2004 test year revenue requirement.

All other areas of inquiry proposed by Greenlining/LIF are allowable within the scope of the proceeding, provided a direct link is established to the rate request before the Commission in these consolidated applications.

effective May 30, 1998, by D.88-04-057 in R.87-02-026, as variously amended, last by D.98-11-030.

³ “By this order, we grant the Petition of the Greenlining Institute and Latino Issues Forum (Greenlining/LIF) to institute a rulemaking to amend General Order (GO) 156. We institute this rulemaking to eliminate the exclusions currently permitted under GO 156, and to refine certain aspects of GO 156 verification and reporting.” R.03-02-035, dated February 27, 2003, mimeo page 1.

⁴ Petition (P) 02-12-039, filed December 27, 2002. The petition requests that a rulemaking be opened to amend G.O. 77K “to adopt a regulation requiring all regulated utilities and their holding companies to annually disclose their diversity, executive compensation and philanthropic contributions.”

⁵ G. O. 77K, § 1.1.1: Purpose. These rules implement PU Code Sections 8281-8286 which require the Commission to establish a procedure for gas, electric, and telephone utilities with gross annual revenues exceeding \$25,000,000 and their Commission-regulated subsidiaries and affiliates to submit annual detailed and verifiable plans for increasing women, minority and disabled veteran business enterprises’ (WMDVBE) procurement in all categories.

Consistent with the February 13, 2003, Scoping Memo for A. 02-11-017, SoCalGas and SDG&E should serve supplemental testimony regarding its workforce diversity over the last 10 years, as well as present and future plans regarding workforce diversity.

3.6. Low-Emission Vehicles (LEV)

There is a separation of LEV issues described by D. 02-12-065 for two types of programs: mandatory and non-mandatory. Only the mandatory programs are within the scope of this proceeding. The proposed rate design related issues raised by ENRG are excluded, they properly belong in the Biennial Cost Allocation Proceedings (BCAP), or SDG&E's Rate Design Window proceeding; there is no rate-design phase to the cost of service proceedings for SoCalGas and SDG&E.

3.7. Resource Plans – Decision 02-11-073

In D. 02-11-073 for Investigation (I) 00-11-002, the Commission directed SDG&E to provide a current natural gas resource plan for consideration in the cost of service cases.⁶ Ordering paragraph 7 states: "SDG&E shall address its gas resource plan in the next appropriate proceeding to ensure its system is adequate to meet the demands for capacity and to meet the newly adopted reliability standards." (Emphasis added.) I will require SoCalGas and SDG&E to supplement their testimony by serving a resource plan as defined in D. 02-11-073. These are the "next appropriate proceeding(s)" and the applicants must further supplement their cases to demonstrate that their systems are adequate

⁶ The decision imprecisely refers to a "GRC", while currently the ratesetting proceedings for SoCalGas and SDG&E are styled as "cost of service" proceedings. Regardless of name, the proceedings are intended to examine test year forecasts and adopt rates for most costs other than energy commodity costs.

and they are positioned to comply with the recently adopted reliability standards. This supplement is due on June 16, 2003.

3.8. Incentive Mechanism

SoCalGas and SDG&E propose a Margin Per Customer (MPC) indexing mechanism for all gas operations and propose replacing the current performance based ratemaking (PBR) incentive for SDG&E's electric department. I am concerned that SoCalGas and SDG&E have not made a clear and convincing prima facie case for any incentive. As a part of its supplemental showing to be filed on June 16, 2003, SoCalGas and SDG&E must make an affirmative showing to justify any incentive/reward mechanism beyond the inherent benefits of older mechanisms such as the Supply Adjustment Mechanism and (SAM) and Electric Revenue Adjustment Mechanism (ERAM) that assured recovery of the full cost of service authorized (non-fuel commodity) revenue requirements.

ORA proposed to file its testimony on incentive mechanisms by November 8, 2003. I have acceded to their scheduling needs for the 2004 cost of service testimony and believe that ORA should find enough flexibility in its resource allocation to complete its testimony on the need for incentive mechanisms, if any, and the appropriate mechanism, by October 6, 2003, one month earlier. As shown in Appendix B, by mailing testimony in October, the incentive issue can "catch-up" by the end of evidentiary hearings and be included in a single schedule for briefs.

3.9. Comprehensive Settlement Costs

A Ruling⁷ of ALJ Brown has delayed the filing dates of the BCAPs for SoCalGas and SDG&E, most recently until September 3, 2003. In order to

⁷ A.01-09-024 and A.01-10-005 for SoCalGas and SDG&E, respectively.

proceed with the cost of service proceedings parties should address all going-forward costs relevant to test year 2004 and beyond. All historical reasonableness issues are deferred to the BCAPs.

3.10. Compliance with § 739.10

Pub. Util. Code § 739.10 requires that the commission “ensure that errors in estimates of demand elasticity or sales do not result in material over or undercollections of the electrical corporations.” Therefore, SDG&E should provide supplemental testimony, to address how it intends to comply with this provision of the statute.

3.11. Streetlighting Costs

In the March 12, 2003, *Second Case Management Statement*, the California Streetlighting Association, (Cal-SLA) and SDG&E agreed to a reasonable scope for distribution related “O&M” accounts, depreciation expense and total revenue requirements. I include that agreement within the scope of this proceeding.

4. Schedule

SoCalGas and SDG&E state that their proposed schedule is based on the Commission’s Rate Case Plan schedule. Their proposal would have required the ORA to serve its testimony on April 21, 2003. ORA proposed at PHC-2 that its cost of service testimony be due on August 8, 2003, and incentive ratemaking testimony on November 3, 2003. At PHC-2, several parties stated their support for ORA’s proposed schedule. SoCalGas and SDG&E believe that the Commission should proceed according to its proposed schedule, although SoCalGas and SDG&E’s principle concern appears to be completing the proceeding in order to have rates in effect January 1, 2004. SoCalGas and SDG&E state that resolving these proceedings at the earliest possible date will safeguard its standing before the financial community that is reportedly wary of the Commission and California’s energy markets.

Because the Commission is obligated to provide the resources necessary for ORA to represent customer interests⁸, ORA's ability to provide such representation should not be undermined by the adoption of a procedural schedule that ORA cannot reasonably be expected to meet.

I have determined that the need to provide ORA with adequate time to prepare its case outweighs our interest in completing the processing of this case under SoCalGas and SDG&E's proposed schedule. Accordingly, ORA's cost of service related testimony is due on August 8, 2003.

Although ORA will require adequate time to review SoCalGas and SDG&E's supplemental testimony and prepare testimony addressing the issues described in Section 3, the procedural schedule below accommodates this additional effort without extending the overall schedule. ORA's testimony addressing these issues is also due August 8, 2003. Intervenor testimony on these and all other issues, except incentive mechanisms, is due on September 15, 2003, in response to the Utility Consumers' Action Network's (UCAN) proposal for intervenors' testimony. UCAN cites the conflicts of its principle consultant in support of this date and other parties concur with this date.

SoCalGas and SDG&E's proposed schedule provides for a 12-day interval between the service of ORA's testimony and service of intervenors' testimony. UCAN recommends an interval of 4 weeks. This is allowed here in order to ensure all parties are able to make a full and complete showing. SoCalGas and SDG&E propose the service of concurrent rebuttal and up-dated testimony

⁸ Pub. Util. Code § 309.5(a): "The commission shall, by rule or order, provide for the assignment of personnel to, and the functioning of, the division. The division may employ experts necessary to carry out its functions. Personnel and resources shall be provided to the division at a level sufficient to ensure that customer and subscriber interests are fairly represented in all significant proceedings."

fourteen days before the commencement of evidentiary hearings. ORA and UCAN both propose a single set of hearings following service of rebuttal.

This ruling sets a third PHC (PHC-3) to take place shortly before the commencement of the evidentiary hearings. The purpose will be to take up any motions to strike not previously resolved, the order and scheduling of witnesses, and other procedural issues. Parties should serve their estimates of cross-examination time no later than five days prior to PHC-3.

Testimony on incentives was to be concurrent with the cost of service in the applications' proposed schedules. SoCalGas and SDG&E have recognized that it was likely to be delayed but still wanted the deferral to be conditioned upon completing the cost of service phase of these proceedings in time for rates effective on January 1, 2004. This is not feasible given ORA's assertions on staff availability and the near-concurrent litigation of general rate case proceedings for other large energy utilities. We will modify ORA's mailing date to October 6, 2003, for ORA testimony on incentive mechanisms.

The procedural schedule set forth in Appendix B is hereby adopted for these proceedings. The Assigned Commissioner or the Administrative Law Judge (ALJ) may modify the schedule as necessary.

5. Category of Proceeding and Need for Hearings

This ruling confirms the Commission's preliminary finding in Resolution ALJ 176-3105 that the category for this proceeding is ratesetting and that hearings are necessary. This ruling, only as to category, is appealable under the procedures in Rule 6.4.

6. Ex Parte Communications

The ex parte communication rules set forth in Rule 7 (c) (ratesetting proceedings) apply to this proceeding.

7. Principal Hearing Officer

Pursuant to Public Utilities Code Section 1701.3, ALJ Douglas Long is designated as the principal hearing officer for this proceeding.

8. Final Oral Argument

Pursuant to Rule 8(d), any party requesting final oral argument before the Commission shall make such request by letter to the ALJ on the date set for filing of concurrent opening briefs.

9. Discovery

Parties did not raise any significant issues or questions regarding discovery at either PHC. I take the apparent absence of such issues as a positive sign, and urge the parties to continue to work cooperatively to submit timely data requests and responses thereto. If any party believes specific discovery rules or timelines are necessary for this proceeding, such concerns should be brought to the attention of the ALJ.

10. Service List

Current service lists for these proceedings are available on the Commission's web page:

http://www.cpuc.ca.gov/published/service_lists/A0212027_50027.htm. and
http://www.cpuc.ca.gov/published/service_lists/A0212028_50027.htm

11. Filing and Service of Documents

By an earlier ALJ Ruling we have adopted electronic service of documents in this proceeding. I affirm that Ruling in this Scoping Memorandum and pursuant to Rule 2.3(b), pleadings may be served in electronic form on those parties that provided an electronic mail address to the Commission. The subject line for any such transmittals should include the application numbers and the words "SEMPRA COS" at the start of the subject.

Parties should use PDF format, if possible, so that confusion regarding pagination is avoided. With respect to lengthy documents, parties should exercise judgment to avoid tying up servers and related problems, and consider such alternatives as notices of availability and use of SoCalGas and SDG&E's website approach as discussed at the PHC. Any party that also wishes to receive testimony in a paper format may make that wish known by filing and serving a notice to that effect. All parties shall honor such requests.

Paper format copies shall be served on the Assigned Commissioner, the ALJ, and Energy Division representatives.

In order to accommodate parties who do not have ready access to Commission offices where filings are accepted, pleadings may be filed one day after their otherwise applicable due date provided that service is accomplished on the due date. Parties taking advantage of this authorization shall refer to this ruling so that Docket Office Examiners are alerted to the authorization.

12. Public Participation Hearings

A schedule of public participation hearings is not included at this time. After further consultation with the Commission's Public Advisor the Assigned ALJ shall adopt a schedule by Ruling. SoCalGas and SDG&E shall then, in consultation with the Commission's Public Advisor, provide notice of the public participation hearings to their customers by billing envelope insert or by direct mailing, and by other appropriate means. The notice should clearly indicate the purpose of the hearing.

SoCalGas and SDG&E shall have sufficient representatives available at each public participation hearing who are authorized to respond to customer inquiries and statements, and for SDG&E able to address both electric and gas issues. I also ask that ORA provide representation at the hearings to the extent that its resources permit.

13. Procedural Ground Rules

The ground rules set forth in Appendix B are intended to promote fair and orderly hearings and efficient use of hearing time, and are hereby adopted for this proceeding.

IT IS RULED that:

1. The scope of these proceedings is as set forth in the foregoing discussion.
2. The schedule for these proceedings is set forth in Appendix A. SoCalGas and SDG&E shall file their supplemental testimony on June 16, 2003.
3. The category for this proceeding is ratesetting. This ruling, only as to category, is appealable under the procedures in Rule 6.4 of the Commission's Rules of Practice and Procedure.
4. The ex parte communication rules set forth in Rule 7(c) apply to this proceeding.
5. Administrative Law Judge (ALJ) Long is the principal hearing officer for these proceedings.
6. Any party requesting final oral argument before the Commission shall make such request by letter to the ALJ on the date set for filing of concurrent opening briefs.
7. Parties may serve documents in electronic form to those parties that provided an electronic mail address to the Commission consistent with the foregoing discussion.

Dated April 2, 2003, at San Francisco, California.

/s/ CARL WOOD

Carl Wood
Assigned Commissioner

APPENDIX A PROCEDURAL SCHEDULE

Prior Events	Date
SoCalGas and SDG&E filed applications & testimony	12/20/02
Protests filed	12/27/02
First Prehearing Conference ⁹	2/14/03
Second Prehearing Conference	3/14/03
Cost of Service 2004	
SoCalGas and SDG&E serve supplemental testimony	6/16/03
ORA serves Cost of Service testimony	8/8/03
Intervenor Testimony	9/12/03
Rebuttal and Up-Date	10/3/03
Third Prehearing Conference	10/7/03
Evidentiary Hearings Begin	10/14/03
Evidentiary Hearings End (4 weeks)	11/7/03
Comparison Exhibit	11/14/03
Incentive Mechanism for 2004	
ORA Serves Testimony	10/06/03
Intervenor Testimony	10/14/03
Rebuttal Testimony	10/27/03
Evidentiary Hearings Begin	11/12/03
Evidentiary Hearings End	11/14/03
Post Hearing Schedule for Briefs & Decision	
Concurrent Opening Briefs filed and served; Request for Oral Argument before the Commission submitted to ALJ	12/5/03
Concurrent Reply Briefs filed and served	1/5/04

(END OF APPENDIX A)

⁹ The first and second Prehearing Conferences were each preceded by a Meet and Confer session, a Case management Statement and Up-date, and Prehearing Conference Statements by parties.

**APPENDIX B
PROCEDURAL GROUND RULES
(Page 1)**

Exhibit Format

See Rule 70 of the Rules of Practice and Procedure. Parties often fail to provide a blank space two inches high by four inches wide to accommodate the ALJ's exhibit stamp. If necessary, add a cover sheet to the front of the exhibit. The common practice of pre-printing the docket number, a blank line for the exhibit number, and witness names(s) is acceptable, but it is not a substitute for the required two by four inch blank space to accommodate the exhibit stamp.

Exhibits should be bound on the left side or upper left-hand corner. Rubber bands and paper clips are not acceptable.

Excerpts from lengthy documents should include the title page and, if necessary for context, the table of contents of the document.

While Rule 2 permits a type size of no smaller than 10 points in filed documents, parties are asked to use a type face of no smaller than 12 points wherever practicable.

Exhibit Copies

See Rule 71. The original and one copy of each exhibit shall be furnished to the presiding officer and a copy to each shall be furnished to the reporter and to each party. The copy furnished to the presiding officer may be the mailed copy. Except for exhibits that are served prior to the hearing, parties are responsible for having sufficient copies available in the hearing room for each party in attendance.

Partial documents or excerpts from documents must include a title page or first page from the source document; excerpts from lengthy documents should include a table of contents page covering the excerpted material.

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Cross-Examination Exhibits

Allowing witnesses time to review new or unfamiliar documents wastes hearing time. The general rule is that a party who intends to introduce an exhibit in the course of cross-examination should provide a copy to the witness and the witness' counsel before the witness takes the stand on the day the exhibit is to be introduced. Documents in excess of two pages should be provided the day before. Generally, parties need not provide advance copies of documents to be used for impeachment or to obtain the witness' spontaneous reaction (although this practice is not encouraged).

Corrections

Generally, corrections to an exhibit should be made in advance and not orally from the witness stand. Corrections should be made in a timely manner by providing new exhibit pages on which corrections appear. The original text to be deleted should be lined out with the substitute or added text shown above or inserted. Each correction page should be marked with the word "revised" and the revision date. Exhibit corrections will receive the same number as the original exhibit plus a letter to identify the correction. For example, Exhibit 5-A is the first correction to Exhibit 5.

Hearing Hours

Hearings will generally run from 9:00 a.m. to 12:00 p.m. with two morning breaks and from 1:30 p.m. to 3:30 p.m. with one afternoon break. Upon request, and assuming that hearings appear to be on schedule, hearings may run from 9:00 a.m. to 1:00 p.m. on Fridays.

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PROCEDURAL GROUND RULES
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Cross Examination Time

Parties are placed on notice that it may be necessary to limit and allocate cross-examination time as well as time for redirect and recross-examination.

Rebuttal Testimony

Prepared rebuttal testimony should include appropriate references to the testimony being rebutted. It is inappropriate, and a potential grounds for striking, for any party to hold back direct presentations for introduction in rebuttal testimony.

Court Reporters

Common courtesy should always be extended to the reporters. Counsel should wait for witnesses to finish their answers, and witnesses should likewise wait for the whole question to be asked before answering. Counsel shall refrain from simultaneous arguments on motions and objections. Conversations at the counsel table or in the audience can be distracting to the reporter and other participants. Such distractions should be avoided.

(END OF APPENDIX B)

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached ***Assigned Commissioner's Ruling Establishing Scope, Schedule, and Procedures for Proceeding*** on all parties of record in these proceedings or their attorneys of record.

Dated April 2, 2003 , at San Francisco, California.

/s/ SUSIE TOY

Susie Toy

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.